



**METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY**

OFFICE OF INTERNAL AUDIT

Professional Audit and Advisory Service

FINAL REPORT



**Audit of the Nashville Career Advancement Center
July 1, 2010 through June 30, 2012**

Date Issued: November 27, 2012

Office Location and Phone Number
222 3rd Avenue North, Suite 401
Nashville, Tennessee 37201
615-862-6110

*The Metropolitan Nashville Office of Internal Audit is an independent audit agency
reporting directly to the Metropolitan Nashville Audit Committee*

EXECUTIVE SUMMARY

November 27, 2012

Results in Brief	Background and Recommendations										
<p>The Metropolitan Nashville Office of Internal Audit completed an audit of the Nashville Career Advancement Center with significant reliance placed on prior grant monitoring procedures performed by the Program Accountability Review Division of the Tennessee Department of Labor and Workforce Development.</p> <p style="text-align: center;">Key Audit Objective</p> <p><i>Was the Nashville Career Advancement Center in compliance with the Workforce Investment Act of 1998 and Metropolitan Nashville regulations, codes and ordinances?</i></p> <p>Yes. Operational and financial processes were in compliance with federal and local regulations, codes and ordinance.</p> <p>Key enabling conclusions used to determine the primary audit objective included:</p> <ul style="list-style-type: none"> • Controls were in place and effective to ensure the eligibility of participants. • Controls were in place and effective to ensure contracts and expenditures were in compliance with required regulations. • Controls were in place and effective to ensure payroll accuracy and asset inventory management. 	<p style="text-align: center;">Expenditure in Programs July 1, 2010 through June 30, 2012</p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">(in millions)</th> <th style="text-align: center;">Program Expenses</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">All Programs</td> <td style="text-align: center;">\$13.8</td> </tr> <tr> <td style="text-align: center;">- WIA Adult Program</td> <td style="text-align: center;">3.7</td> </tr> <tr> <td style="text-align: center;">- WIA Dislocated Program</td> <td style="text-align: center;">6.3</td> </tr> <tr> <td style="text-align: center;">- WIA Youth Program</td> <td style="text-align: center;">3.8</td> </tr> </tbody> </table> <p style="text-align: center;">Recommendation</p> <p>There were no recommendations made in this report.</p>	(in millions)	Program Expenses	All Programs	\$13.8	- WIA Adult Program	3.7	- WIA Dislocated Program	6.3	- WIA Youth Program	3.8
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INTRODUCTION

Audit Initiation

The performance audit of the Nashville Career Advancement Center was conducted as part of the approved 2012 Audit Work Plan. The audit was initiated based on the number of years lapsed since the last audit conducted by the Metropolitan Nashville Office of Internal Audit, in excess of five years.

Background

In 1998 the Workforce Investment Act was enacted by Congress. In conjunction with this act, the Middle Tennessee Workforce Investment Board was created. This board was established to provide leadership, direction, vision and oversight of a Local Workforce System. Its purpose is to assist in addressing the employment needs of employers and the career development needs of workers. Federal Workforce Investment Act funds support the board's job training and placement programs for dislocated workers, adults, and youths. The federal funds are allocated by the Tennessee Department of Labor and Workforce Development. Grant funds received by the Metropolitan Nashville Council are then appropriated to the Nashville Career Advancement Center.

The Middle Tennessee Workforce Investment Board is comprised of 40–43 volunteer members with a majority representing the private sector employers. The remaining members represent:

- Organized Labor
- Economic and Community Development
- Education
- Community Based Organizations
- Agencies operating within the One-Stop System

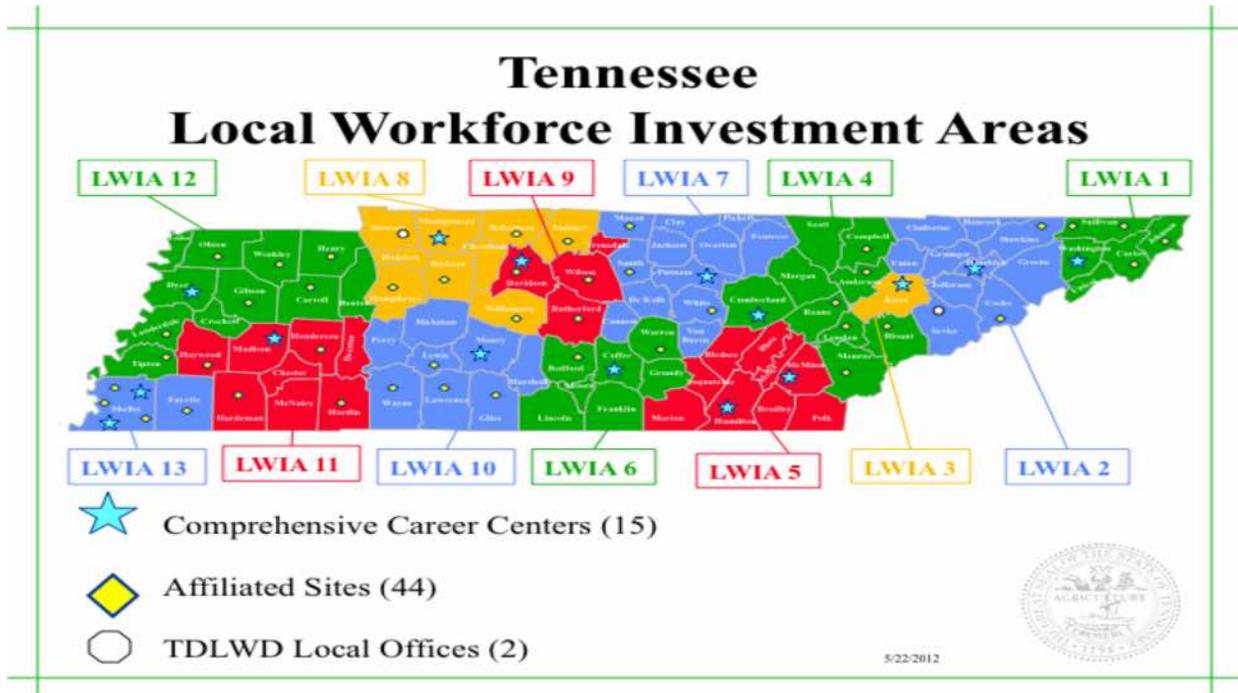
Board members are nominated by businesses and organizations. The nominations from each county are presented to the local Mayor to see if he/she objects to any nomination from their county.

The Middle Tennessee Workforce Investment Board is supported administratively by staff of the Nashville Career Advancement Center. The Nashville Career Advancement Center was established by the Metropolitan Government of Nashville and Davidson County in 2000 as a regional entity to conduct workforce development programs. The Nashville Career Advancement Center has staff located in the following four counties to promote workforce and economic development and youth education:

- Davidson County
- Wilson County
- Trousdale County
- Rutherford County

Those counties make up the Local Workforce Investment Area 9 (LWIA -9). The Tennessee Department of Labor and Workforce Development divided the state into 13 areas. Each Local Workforce Investment Area is administered by a local board and grouped together with those whose labor markets and other employment related factors are similar. Consequently, each area provides workforce development and career services based on local needs.

Exhibit A – Map of Tennessee Local Workforce Investment Areas



Source: <http://www.tn.gov/labor-wfd/cc/ccareas.htm>

The mission of the Nashville Career Advancement Center is to ensure the Middle Tennessee workforce is aligned with the region’s long-range economic needs; Workforce Investment funds will provide training and credentials which develop talent for high demand and high skill careers.

Locations

The Nashville Career Advancement Center operates out of six different locations. Each location has their own calendar of events offered to individuals seeking employment. Career Coaches are stationed at these locations to assist individuals in that area.

- 1) NCAC Workforce Campus
621 Mainstream Drive, Suite 210
Nashville, TN 37228-1210
- 2) Tennessee Technology Center at Hartsville
716 McMurry Boulevard
Hartsville, TN 37074

- 3) Tennessee Career Center, Metro Center
2200 Rosa L. Parks Boulevard
Nashville, TN 37228
- 4) Tennessee Career Center, Lebanon
155 Legends Drive
Lebanon, TN 37087
- 5) Tennessee Career Center, Nashville South
3763 Nolensville Road
Nashville, TN 37211
- 6) Tennessee Career Center, Murfreesboro
1313 Old Fort Parkway
Murfreesboro, TN 37129

Services

The Nashville Career Advancement Center offers a variety of services to individuals seeking employment. The services offered are categorized into three groups.

Core Services – Services that are provided to all individuals seeking employment. There is no eligibility requirement an individual must meet in order to take advantage of the core services offered but the individual must register so that data related to these services can be tracked.

These services include the following:

- Workshops – The workshops are offered as a way to help individuals obtain information needed to assist them as they search for employment. This is also a time for individuals to network with other professionals. Some of the workshops offered are *Resume Writing, Interviewing Techniques, and How to Dress*.
- Printing, Copying, and Faxing - Individuals are allowed to print job information or resumes, copy resumes for distribution to employers and fax resumes or necessary documentation to employers.
- Internet – The internet is available for individuals to use as they search for potential jobs and to check emails to see if any responses had been emailed about their job applications.

Intensive Services – Services that are only provided to individuals who meet the eligibility requirements. To be eligible for intensive services you must be registered and have received at least one core service and must be unemployed or underemployed. Career coaches at the Nashville Career Advancement Center will assist individuals in filling out the application and will determine eligibility based on the application and supporting documentation. Intensive services include:

- Comprehensive Assessments
 - Myers Briggs – Personality inventory test to help determine the types of jobs an individual would prefer doing.

- Strong Interest – The goal of this assessment is to give insight into a person’s interest so that they may have less difficulty deciding on a career choice.
- One-on-one coaching from a personal career coach
- Taped mock interviews for the individual to take home and review
- Personal resume writing assistance

Training Services – Services that are only provided to individuals who have received intensive services and are still unable to obtain a job because of their possible skill levels or credentials. This training will be directly linked to job opportunities in their local area. Training is not directly provided by the Nashville Career Advancement Center; however, the funding needed for an individual to obtain training is provided by the Nashville Career Advancement Center. The training provider must be an approved provider and listed on the Tennessee Higher Education Commission’s website.

Organizational Structure

The Nashville Career Advancement Center is overseen by the Middle Tennessee Workforce Investment Board and the Office of the Metropolitan Nashville Mayor. A diagram of the organization can be seen at Appendix A.

Information Systems

Information systems used at the Nashville Career Advancement Center are EnterpriseOne and eCase Management Activity Tracking System (eCMATS).

EnterpriseOne

EnterpriseOne is the primary accounting software system used to record and report all financial transactions of the Metropolitan Government. Even though the Nashville Career Advancement Center is majority federally funded their expenses and revenues are tracked in Metro Nashville’s accounting software and payments are dispersed through Metro Nashville’s Treasury Department.

eCMATS

eCase Management Activity Tracking Information System is a program mandated by the State of Tennessee. It is a web based system integrating data from several state agencies in an easy to follow format.

New hires request access and if approved, are given a profile, temporary password and the desired level of security. The Nashville Career Advancement Center staff use eCMATS to manage their customer progress.

Financial Information

Below are the expenditures for the three main programs at the Nashville Career Advancement Center. The amount available to spend on each program has decreased each of the past four years.

Exhibit B – Expense for Nashville Career Advancement Center Programs Offered

	FY 2011	FY2012
WIA Adult Programs	\$1,909,203	\$1,822,689
WIA Dislocated Worker Programs	3,555,021	2,766,328
WIA Youth Programs	2,020,954	1,760,650
Grand Total	\$7,485,178	\$6,349,667

Source: Nashville Career Advancement Center generated reports presented to the Tennessee Department of Labor and Workforce Development

Exhibit C – Top Ten Vendors of the Nashville Career Advancement Center for Fiscal Years 2011 and 2012

	Amount	Service Provided
New Horizons Learning Center	\$2,164,193	Training Provider
Mid Cumberland Human Resource	1,756,762	Youth Contractor
Wilson County Schools	869,687	Youth Contractor
United Truck Driving School	841,990	Training Provider
Transport Training Center	517,061	Training Provider
Firstcall Industrial 2 Acquisition	505,521	Rental Space
Pencil Foundation	287,459	Youth Contractor
Techskills LLC	269,200	Training Provider
State of Tennessee Department of Labor	195,357	Resource Sharing
Nashville State Community College	163,914	Training Provider
Grand Total	\$7,571,144	

Source: EnterpriseOne – Accounts Payable Payment Detail

OBJECTIVES AND CONCLUSIONS

Primary Audit Objective

Was the Nashville Career Advancement Center in compliance with the Workforce Investment Act of 1998 and Metropolitan Nashville regulations, codes and ordinances?

Yes. Operational and financial processes were in compliance with federal and local regulations, codes and ordinance.

Key Supporting Objectives

Conclusions were drawn from prior grant monitoring work performed by the Program Accountability Review Division of the Tennessee Department of Labor and Workforce Development along with additional audit procedures performed by the Metropolitan Nashville Office of Internal Audit.

1. *Were controls in place to ensure participants eligibility?*

Yes. In each category participant's eligibility were traced back to source documentation to ensure eligibility into the specific program with no exceptions observed (see Appendix A).

Test work performed was to determine whether program participants were eligible under the applicable program guidelines, remained eligible during the period, and whether the amount of benefits provided were properly computed and adequately documented. A judgmental sample was selected from each participant category:

- Youth (25 participants)
- Adult (25 participants)
- Dislocated Worker (25 participants)

In each category participants eligible was traced back to source documentation to ensure eligibility into the specific program.

2. *Were controls in place to ensure contracts were in compliance with regulations?*

Yes. The Nashville Career Advancement Center uses the Metropolitan Nashville Government for all procurements. The testing included a review of the procurement process, testing of requests for proposals, attribute testing of sampled purchases and receipt reviews with no exceptions observed (see Appendix A).

3. *Were controls in place to ensure sub-recipient monitoring was being adequately performed?*

Yes. Sub-recipient monitoring was performed in the following areas without noted weaknesses. Sub-recipient policies and procedures were reviewed, matching of required funds was verified (when applicable), sub-recipient procurements were tested, program income was verified, administrative overhead allocations were reviewed and compliance with civil rights mandates was conducted. A review of both program and fiscal information was also conducted. No exceptions were observed any area (see Appendix A).

4. *Were controls in place and effective to ensure access rights to the eCMATS system is based on business needs?*

Yes. Appropriate access rights were found to exist in all instances reviewed. Access to eCMATS was granted, withheld or retrieved by State of Tennessee employees. Essential element functions were found to be segregated for control reasons. Various review levels of access and roles were performed and documented. Access rights and role privileges were reviewed by the State of Tennessee Department of Labor and Workforce Development Division. A further review by the Metropolitan Nashville Office of Internal Audit found no variations between user/role needs and assigned access rights.

5. *Were controls in place to ensure expenditures were in compliance with regulations?*

Yes. All expenditures were found to be compliant with all regulations. The Nashville Career Advancement Center uses Metro Nashville for all procurements. Audit procedure included a review of the procurement process, testing of requests for proposals, attribute testing of sampled purchases and receipt reviews (see Appendix A).

6. *Were controls in place to safeguard inventory?*

Yes. Contracts and accounting reports for additions to asset listings were reviewed along with the periodic inventory process. A reconciliation of assets was conducted by using the agency's asset listing and the Tennessee Department of Labor's listing. No variances were noted regarding the inventory of assets (see Appendix A).

7. *Were controls in place to ensure payroll accuracy?*

Yes. To draw a conclusion for this objective, we designed our test work for the following areas:

- *Was there supporting documentation for leave accruals and was it properly approved?*
- *Was overtime and comp-time properly calculated?*
- *Were mileage reimbursements properly calculated?*
- *Were employee travel expenses properly supported and approved?*

Yes. A sample of employees was tested for each of the four areas noted above. No material variations were observed. In some case we did see compensation time being earned without documented prior approval, which is not specifically required in any regulation. All usage of compensation time was prior approved.

8. *Were program goals being met?*

Yes. The results for the past two years have exceeded targets set by the State of Tennessee. The metrics for seven key areas for fiscal year 2012 are shown below in Exhibit D.

Definitions for interpretation of Exhibit D:

- Entered employment – percentage of eligible participants who entered the program that were placed in employment
- Retention of employment – retention in unsubsidized employment six months after entry
- Attainment – attainment of basic work appropriate skill goals
- Literacy/Numeracy – ability to read, write and solve problems at level required for job function

Exhibit D - Performance Results for Fiscal Year 2012

Performance Metric	Target Percent	Actual Percent
Adult Entered Employment	83.0	89.1
Adult Retention Employment (2 quarters)	88.6	91.2
Dislocated Worker Entered Employment	86.0	93.7
Dislocated Worker Retention Employment	86.5	93.9
Youth Placement	75.5	85.8
Youth Attainment	75.0	79.6
Literacy/Numeracy	43.0	53.6

Source: Tennessee Department of Labor Consolidated Environment report of July 25, 2012

GENERAL AUDIT INFORMATION

Statement of Compliance with GAGAS

This audit was planned to be conducted from August 2012 to February 2013, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and conclusions based on our audit objectives.

We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives.

Scope and Methodology

The audit period focused primarily on the period July 1, 2010, through June 30, 2012. The methodology employed throughout this audit was one of objectively reviewing various forms of documentation, conducting interviews, observations, performing substantive tests and tests of internal controls on the entity's operational and financial information, written policies and procedures, contracts and other relevant data.

Additionally, the Tennessee Department of Labor and Workforce Development Program Accountability Review Division's fiscal years 2012 and 2011 independent grant monitoring reports, procedures and test results were reviewed. Several audit objectives were satisfied from this review for the audit.

Criteria

In conducting this audit, the existing processes were evaluated for compliance with:

- *Workforce Investment Act of 1998*
- *State of Tennessee Department of Finance and Administration Policy 22*
- *Tennessee Code Annotated, Title 9, Chapter 18*
- *Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations*

Audit Staff

Tracy Carter, CFE, In Charge Auditor

Carlos Holt, CPA, CFF, CFE, CIA, Project Quality Assurance

APPENDIX A - PROGRAM ACCOUNTABILITY REVIEW

The July 5, 2012, Tennessee Department of Labor and Workforce Development Program Accountability Review Division's fiscal year 2012 grant monitoring report for the Nashville Career Advancement Center starts on the next page.

The Program Review Division did not identify any findings of noncompliance during the monitoring review for fiscal years 2012 and 2011.

The Office of Internal Audit obtained the audit program and test work summaries of the work performed by the Program Accountability Review Division. This material can be reviewed upon request.

Issue Date: June 5, 2012

PAR

**Nashville Career Advancement Center;
LWIA 9**



*Tennessee Department of Labor and Workforce
Development
Administrative & Fiscal Services Section
Office of Program Accountability Review*



STATE OF TENNESSEE
DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT
Administrative and Fiscal Services Section
220 French Landing Drive
Nashville, TN 37243

June 5, 2012

Paul Haynes, Executive Director
Nashville Career Advancement Center
Local Workforce Investment Area 9
621 Mainstream Drive, Suite 210
Nashville, Tennessee 37228-1201

Dear Mr. Haynes:

Staff from the Tennessee Department of Labor and Workforce Development (TDLWD), Office of Program Accountability Review (PAR), completed an on-site review of Nashville Career Advancement Center (NCAC), Local Workforce Investment Area 9 (LWIA 9), on May 10, 2012. Monitoring included a review of the contracts with the Tennessee Department of Labor and Workforce Development (TDLWD). Refer to the *Appendix* for a listing of the contracts monitored.

PAR conducted the monitoring review in accordance with Department of Finance and Administration's *Policy 22, Subrecipient Monitoring*, and the *Tennessee Subrecipient Monitoring Manual*.

Monitoring objectives were:

- To assess the reliability of internal controls
- To verify that program objectives are being met
- To verify that civil rights requirements are being met
- To test the reliability of the financial and programmatic reporting
- To test if costs and services are allowable and eligible
- To verify contractual compliance

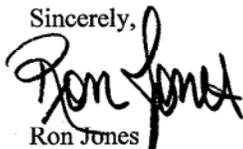
A monitoring review is substantially less in scope than an audit. PAR did not audit the financial statements and accordingly, does not express an opinion or any assurance regarding the financial statements of Nashville Career Advancement Center, LWIA 9.

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PAR did not identify any findings of noncompliance during the monitoring review.

We appreciate the assistance provided by your staff during the course of the review. If you have any questions, please call me at (615) 532-8671.

Sincerely,



Ron Jones
Administrator

cc: Honorable Karl F. Dean, Mayor
Metropolitan Government of Nashville & Davidson County
Robert Grimes, LWIB Chairman
Brian Clark, Nashville Career Advancement Center ✓
Commissioner Karla Davis
Susie Bourque, TDLWD
James Roberson, TDLWD

Appendix

Subrecipient: Nashville Career Advancement Center, LWIA 9

PAR monitored the following contracts during the review:

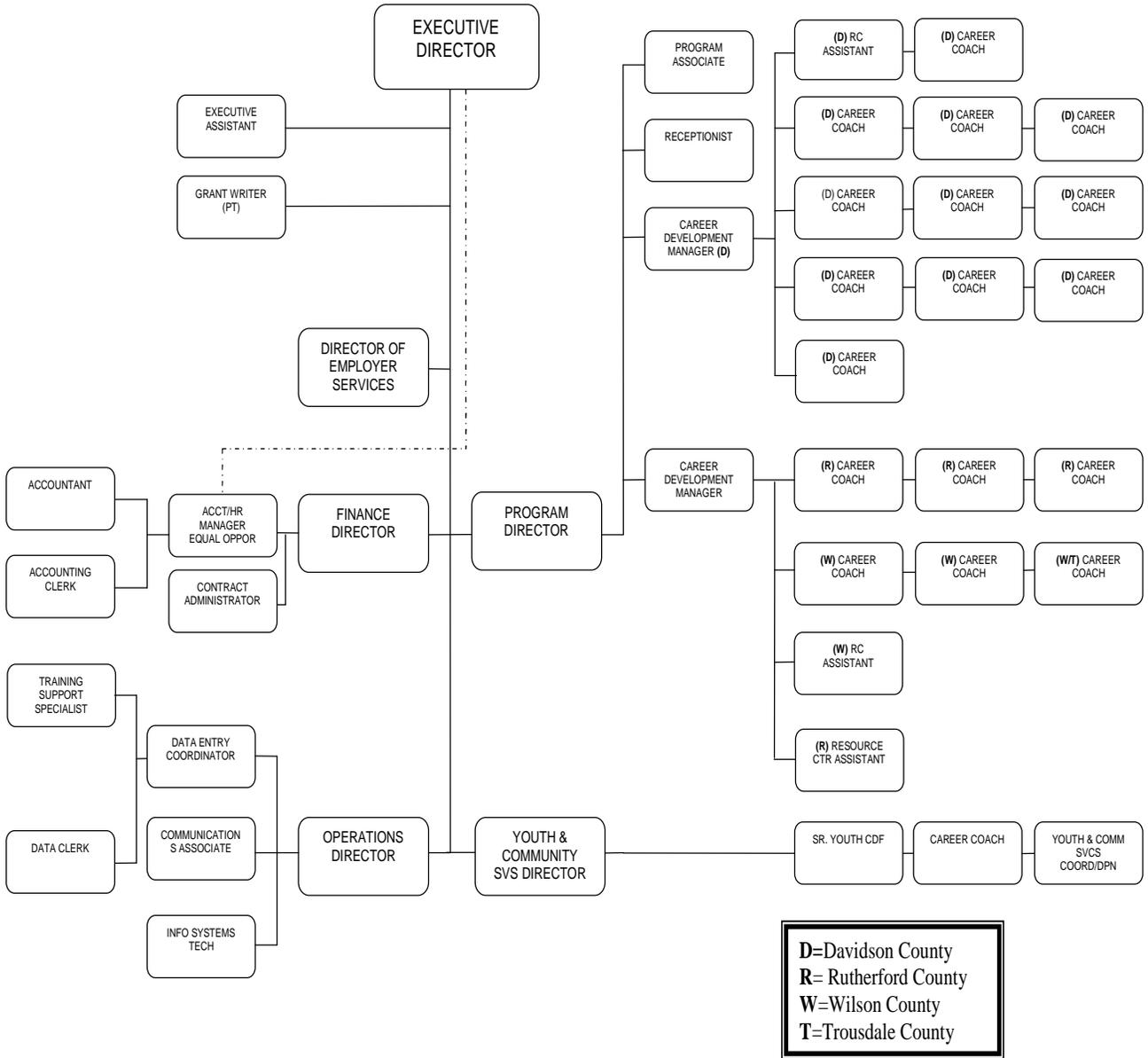
Service Provided	Contract Number	Contract Period	Contract Max. Liability
** ADULT	LW09P101ADULT11	7/1/10-6/30/12	\$337,221.00
ADULT	LW09F111ADULT11	10/1/10-6/30/12	\$1,605,598.00
ADULT	LW09P111ADULT12	7/1/11-6/30/13	\$156,998.00
ADULT	LW09F121ADULT12	10/1/11-6/30/13	\$1,871,493.00
DISLOCATED WORKER	LW09P101DSLWK11	7/1/10-6/30/12	\$619,202.00
DISLOCATED WORKER	LW09F111DSLWK11	10/1/10-6/30/12	\$1,644,373.00
DISLOCATED WORKER	LW09P111DSLWK12	7/1/11-6/30/13	\$582,683.00
DISLOCATED WORKER	LW09F121DSLWK12	10/1/11-6/30/13	\$2,426,244.00
* RAPID RESPONSE	LW09P111IWRSP12	10/1/11-9/30/12	\$125,000.00
***STATEWIDE ACTIVITIES	LW09F109SSSWA10	2/1/11-12/31/11	\$52,250.00
STATEWIDE ACTIVITIES	LW09F107FTSWA10	7/1/10-6/30/11	\$132,352.00
STATEWIDE ACTIVITIES	LW09F108IWSWA10	7/1/10-6/30/11	\$169,756.00
* STATEWIDE ACTIVITIES	LW09P102APSWA11	7/1/10-6/30/11	\$73,394.00
ADMINISTRATIVE	LW09F113MNSWA11	10/1/11-9/30/12	\$10,000.00
ADMINISTRATIVE	LW09F111MNSWA11	10/1/10-9/30/11	\$57,250.00
* INCENTIVE	LW09F114NCSWA11	1/1/12-12/31/13	\$53,500.00
INCENTIVE	LW09P091NCNTV10	7/20/11-6/30/12	\$110,000.00
YOUTH	LW09P101YOUTH11	4/1/10-6/30/12	\$1,940,047.00
YOUTH	LW09P111YOUTH12	7/1/11-6/30/13	\$2,039,782.00

* No expenditure to date as of the review.

** Monitored in previous period and 100% expended prior to October 1, 2011.

*** Contract cancelled.

APPENDIX B. ORGANIZATION CHART



APPENDIX C - MANAGEMENT RESPONSE

- Management's Response Starts on Next Page -

November 16, 2012

Mr. Mark Swann
Metropolitan Auditor
Office of Internal Audit
222 3rd Avenue North, Suite 401
Nashville, TN 37201

Dear Mr. Swann:

The appropriate personnel of the Nashville Career Advancement Center have reviewed your department's audit of our Agency and concur with the statements and contents found therein.

I would like to thank the auditors for the professional and thorough manner in which they conducted this audit. Should you have additional questions, please let me know.

Sincerely,



Paul Haynes
Executive Director